



DEPARTMENT OF THE NAVY

NAVY PERSONNEL COMMAND
5720 INTEGRITY DRIVE
MILLINGTON TN 38055-0000

7000 PERS-52G
29 Jul 02

From: Commander, Navy Personnel Command

Subj: TREASURY OFFSET PROGRAM (TOP)

Ref: (a) BUPERSINST 7200.2 Collection of Bad Debts
Incurred by Navy Morale Welfare and Recreation
Nonappropriated Fund Instrumentality's
(b) COMNAVPERSCOM ltr 1710 PERS-652 of 21 Mar 2002

Encl: (1) Sample letter - Notice of Intent to Offset
(2) Request For Bad Debt Collection through the
Treasury Offset Program (TOP)

1. Reference (a) provides instructions to Navy Morale Welfare Recreation Services Funds for the collection of bad debts. Enclosure (9) of that instruction, Debt Collection Services Contract, is no longer valid. The contract with the service provider expired and was not renewed. Until such time as reference (a) is updated and reissued, this policy procedure letter will replace enclosure (9) of reference (a).

2. One of the keys to collecting bad debts is having access to social security numbers. Reference (b) provides guidance for each location to develop and implement a plan to maintain patron social security numbers in a secure permanent file within the MWR department.

3. When an MWR Fund identifies a bad debt, the accounting office should follow the guidance outlined in reference (a) until all steps are exhausted. Once this has been done, the TOP can be used.

4. The TOP is administered through the Department of Treasury and provides Navy MWR with a simplified method for collection of bad debts (checks and contracts) through both tax refund offset and other administrative offset programs. Debts are collected without charge to MWR. The only charge for the service is passed on to the debtor.

5. To refer a debt/bad check to TOP for collection:

- a. The debt/bad check must exceed 180 days. The maximum age is not more than 10 years old.

b. Collection procedures as stated in reference (a) must be exhausted.

c. A notifying letter [Enclosure (1)] must be sent to debtor at least 60 days prior to date of your submission of debt for TOP.

d. Minimum dollar value of debt/bad check is \$25.00 (including any service charge).

6. After the requirements listed above are met, complete a Request for Bad Debt Collection Through TOP form [Enclosure (2)] and forward along with copy of front and back of returned check or copy of contract to Navy Personnel Command PERS-652G4. Although some of the information on the form is optional, the more information provided the better the chance of collecting the debt. The original file should remain at the local office in order to answer any questions or settle any disputes that may arise once the debt is referred to The Department of the Treasury.

7. Point of contact is PERS652G4, (901) 874-6623/DSN 882, Fax 6811 or e-mail Pers652G4@persnet.navy.mil.



R. MCFADDEN
By direction

Distribution:

Managers administering Navy MWR Funds, Billeting Funds, or Civilian Funds in the CHNAVPERS Recreation and Mess Central Accounting System (RAMCAS)

Copy to:

Commanding Officers Administering Navy MWR Funds, Billeting Funds, or Civilian Funds in the CHNAVPERS RAMCAS

Second and Third Echelon Commands administering Navy MWR Funds, Billeting Funds, or Civilian Funds in the CHNAVPERS RAMCAS

SAMPLE LETTER-NOTICE OF INTENT TO OFFSET

(Enter Date Letter Mailed)

(Enter Name of Debtor)

(Enter Address of Debtor)

RE: Amt. of past due debt owed to: (Enter MWR/VQ Fund Name)

\$(Enter the Amount owed)

Date debt became past due: (Enter Date of Delinquency)

Account/Case Number: (Enter Internal Number if Used)

Dear: (Enter the Name of debtor)

You have not paid the amount you owe to (Enter MWR/VQ Fund Name). (If not previously provided, explain the nature of the debt. For example, bounced check #XX dated XX/XX/XX). If you do not pay your debt or take other action described below before (Enter the date equal to 60 days from the date of this letter), (Enter MWR/VQ Fund Name) will submit your debt to the US Dept of Treasury Offset Program. The total amount listed above includes a service charge of \$ (Enter the amount of your service charge).

TREASURY OFFSET PROGRAM (TOP): Once your debt is submitted to the TOP, the U.S. Department of the Treasury (U.S. Treasury) will reduce or withhold any of your eligible Federal payments by the amount of your debt. This process, known as "offset" is authorized by the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996. You may not receive another notice before your payment is offset. Federal payments eligible for offset include:

1. Your income tax refunds (See Attachment A for additional information);
2. Your Federal Salary pay, including military pay (See Attachment A for additional information);
3. Your Federal retirement, including military retirement pay;
4. Your contractor/vendor payments;
5. Certain Federal benefit payments, such as Social Security {other than Supplemental Security Income (SSI)}, Railroad Retirement (other than tier 2), and Black Lung (part B) benefits; and
6. Other Federal payments, including certain loans to you, that are not exempt from offset.

Before we submit your debt to the TOP, we are required to tell you that you may (1) inspect and copy our records related to your debt; (2) request a review of our determination that you owe this debt and if required by law, request a waiver of all or a part of the debt; this review may be in the form of a hearing if we determine that a hearing is required; and (3) enter into an acceptable written repayment agreement. (See Attachment A for additional information).

Enclosure (1)

TO AVOID THE TOP, you must do one of the following by *(Enter the date equal to 60 days from the date of this letter)*:

1. REPAY YOUR DEBT: To repay your debt, send a check or money order, payable to *(Enter the name of your MWR/VQ Fund)*, for the full amount that you owe to: *(Enter your Fund's mailing address)*.
2. AGREE TO A REPAYMENT PLAN: If you are unable to pay your debt in full, you must contact *(Enter the name of the MWR/VQ Fund POC and telephone number)*, agree to a repayment plan acceptable to us, and make payments required in the repayment plan.
3. REQUEST A REVIEW IF YOU BELIEVE THE DEBT IS NOT OWED: If you believe that all or a part of the debt is not past due or legally enforceable, you must send evidence to support your position to: *(Enter the name and address of local MWR/VQ Fund)*. We will inform you of our decision about your debt.

BANKRUPTCY: If you filed for bankruptcy and the automatic bankruptcy stay is in effect, you are not subject to offset while the stay is in effect. Please notify us of the stay by sending evidence concerning the bankruptcy.

If you make or provide any knowingly false or frivolous statements, representations, or evidence, you may be liable for penalties under the False Claims Act (31 U.S.C. §§3729-3731), or other applicable statutes and/or criminal penalties under 18 U.S.C. §§286, 287, 1001 and 1002, or other applicable statutes.

Unless prohibited by law or contract, we will promptly refund to you any amounts paid by you or deducted from your payment for your debt which are later waived or found not owed to the United States.

If you have any questions about this letter or your rights, you should contact *(Enter the name of the MWR/VQ Fund POC and telephone number)* immediately.

Sincerely,

(Enter the name of your MWR/VQ Fund)

Enclosure

ATTACHMENT A

IF YOU FILE A JOINT INCOME TAX RETURN: You should obtain Form 8379, Injured Spouse Claim and Allocation, before filing your return. The instructions will explain the steps your spouse may take to obtain his or her share of your joint income tax refund.

IF YOU ARE OR BECOME A FEDERAL EMPLOYEE:

Your current net disposable pay is subject to offset if you do not pay your debt or take other action as described in the attached letter. Under the TOP, the U.S. Treasury will deduct up to 15% of your disposable net pay beginning in the pay period that your debt is submitted to the TOP, and continuing every pay period until your debt, including interest, penalties and other costs is paid in full.

You are entitled to a hearing to dispute the existence or amount of the debt, or the amount of the payroll deduction. To request a hearing, you must file a written request for a hearing no later than 15 days from the date of this notification. The timely filing of a petition for hearing will stay the commencement of salary offset proceedings. A final decision on the hearing (if one is requested) will be issued no later than 60 days after the filing of a petition requesting the hearing (unless extended by the hearing official). Written requests for a hearing must be sent to: *(enter the local MWR/VQ mailing address)*.

If you make or provide any knowingly false or frivolous statements, representations, or evidence, in addition to other penalties, you may be subject to disciplinary actions. If you become a Federal employee after receipt of this letter you should contact *(enter the name and telephone number of POC at local MWR/VQ office)* immediately.

REQUEST FOR BAD DEBT COLLECTION THROUGH TREASURY OFFSET PROGRAM (TOPS)

*Debtor Name (Last, First, Middle): _____

*Social Security Number _____ Rank/Rate/Position _____

Branch of Service/Employer _____

Duty/Work Address _____

Duty/Work Phone Number _(_____)_____

*Home Address _____

Home Phone Number _(_____)_____

*Check/Contract/Agreement # _____ *Check/Contract/Agreement Date _____

*Check/Contract/Agreement Amount _____

Name of Bank Returning Check _____

*Date Bank Returned Check _____ Reason Bank Returned _____

*Service Charge Amount _____

Date Debtor Verbally Notified _____ Date Notified by Letter _____

*Amounts Paid _____ *Date of Payments _____

*Date TOPS letter sent and result _____

Further requests, notifications and responses _____

Signed: _____ Date: _____

*Mandatory information

Note: Attach copy of both front and back of returned check and forward to:

Pers652G4

Department of the Navy

Navy Personnel Command – Pers-652G4

5720 Integrity Drive

Millington, TN 38055-6520

Phone – Commercial (901) 874-6623, DSN 882-6623, Comm Fax (901) 874-6811, DSN 882-6811

E-mail P652G4@Persnet.Navy.Mil